



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT BUDGET ALLOCATION AND PLANNING REVIEW COMMITTEE – WORKGROUP



Meeting Notes – October 5, 2011

Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Paul Foster, Steve Kawa, Jeff McMillan, Nga Pham, Linda Rose, Jose Vargas, Thao Nguyen and Gina Huegli

Guests Present: Ray Hicks, James Kennedy, and John Weispfenning

Mr. Hardash opened the meeting at 2:42 pm.

Topics Discussed:

1. SB361 Budget Allocation Model

A printout of the 2010-11 SB361 Revenue Allocation Simulation done on 10/5/10 based on budgeted expenditures was redistributed – current year budget revenue minus current year budgeted expenses, not including the ending fund balance. It shows that SAC would have \$2.06 million, SCC would have a -\$1.1 million and District Office would have \$.14 million ending balances.

We have copied the Contra Costa model. We personalized the model to reflect Rancho Santiago Community College District. Mr. Hardash gave a brief overview of the basic model.

Mr. O'Connor went through the details of the series of versions of the 2011-12 SB361 Revenue Allocation Simulation based on 2011-12 Adopted Budget numbers and the 2011-12 Chancellor's Workshop Re-benched Base FTES after -6.21% workload measure reduction and 2010-11 Annual Attendance Report. The re-benched FTES includes the 2.21% growth from fiscal year 2010-11 and the -6.21% workload measure reduction for fiscal year 2011-12. The simulation displays only current budgeted revenue minus current year budgeted expense and again does not include the ending fund balance.

Version #1- Assumptions were:

- Original Simulation based on Contra Costa CCD Model
- Allocates apportionment revenue based on SB361 for base allocation, approved centers and FTES generation
- Then includes all other revenue and deducts district-wide expenditures
- Allocates 16.31% of revenue to district operations based on the percentage in the 11/12 Adopted Budget (down from 16.48%)
- Remaining revenues are allocated pro rata based on total remaining actual revenues
- Subtracts total expenditures from allocated revenues and produces a net amount of expenses under or (over) revenue by location

The estimated expense over revenue was \$3.90 million for SAC, \$3.08 million for SCC and \$1.37 million for the District.

Version #2 – Assumptions were:

- Starts with Version #1
- But extracts local revenues from the SB361 model to keep 100% of local revenue with the site that generates it
- Assumes all local revenue will be spent at the college that generates it and therefore subtracts a like amount of expense from the SB361 section and offsets the local revenue

The estimated expense over revenue was \$3.23 million for SAC, \$3.90 million for SCC and \$1.22 million for the District.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
BUDGET ALLOCATION AND PLANNING REVIEW COMMITTEE – WORKGROUP

Version #3 – Assumptions were:

- Starts with Version #2
- But also extracts some other state revenue that is either district-wide in nature (like 2% enrollment fees) or similar to local revenues (like apprenticeship)

The estimated expense over revenue was \$4.09 million for SAC, \$2.89 million for SCC and \$1.37 million for the District.

Version #4 – Assumptions were:

- Starts with Version #3
- But leaves all expenses in SB361 section to show all expenses first and a bottom line prior to adding in local and other revenue

The estimated expense over revenue was \$4.09 million for SAC, \$2.89 million for SCC and \$1.37 million for the District. This version is the same as version #3, it just displays differently.

Mr. Hardash said that it would be nice with our model to distinguish ongoing revenue vs. on-going expenses. (ie. leases and rents, lottery, international student tuition which varies each year). Other items to be considered are the Academy program that is unique to SAC and is a huge money maker, it generate FTES but the cost is very little.

The current RSCCD budget allocation model defines fixed cost (about 85%) and discretionary cost. If fixed cost increases, the discretionary cost decreases. The discretionary cost is split 16.48% for DO, SAC and SCC split the remaining 83.52% by the proportion of FTES produced. Due to the reductions for the last several years, we have not been following the current model on the discretionary portion. The current model doesn't appear to do a very good job.

We have been working on defining a new budget allocation model for about 1 ½ years and we are using the Contra Costa CCD SB361 Revenue Allocation as a starting place. Their model assessed an FTES rate charged to campus for the District Office and district-wide cost. The new allocation model is supposed to cut up the dollar amount and does not say how the colleges should spend their money. The colleges decide how to spend their money. The new model is not yet endorsed by everybody.

Mr. Hardash's main concern is the structural deficit. It shows about \$8 million here, but he thinks we have a structural deficit of about \$5-6 million per year. A college president asked Mr. Hardash what are the savings for unfilled positions? Mr. Hardash's response, "We had a hiring freeze the last three years, but in a normal given year, a district our size would have \$200-\$500 thousand in unfilled positions savings."

Mr. Kennedy asked that if we adopt this model, "What would be the implications?" Mr. Hardash's response, "The current simulation on the 2011-12 Adopted Budget shows that we would be spending our reserves down within three years."

Mr. Foster requested the SB361 revenue allocation simulation be done for the actual 2010-11 fiscal year. Dr. McMillan requested that the simulation also be done for the actual fiscal year 2009-10 for the next meeting.

Mr. Hardash requested that members of the workgroup bring back the information to share with the colleges and get feedback from the colleges. The colleges need to come back with other scenarios. It needs to be inclusive.

Mr. Hicks requested a simulation of the unrestricted and restricted revenue and expense together to see what that picture would show. Mr. Hardash said that Mr. Didion pointed out about a 1 ½ years ago, whatever model we have we do not include the restricted portion. There are many factors that affect the colleges (i.e. SAC has more restricted than SCC but some require matching dollars).

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
BUDGET ALLOCATION AND PLANNING REVIEW COMMITTEE – WORKGROUP

The Lottery fund's original intent was to augment educational dollars, but later was rolled into our base funding. Mr. Hardash has a problem telling community members that we are using the unrestricted Lottery dollars to cancel out utilities cost because it is excluded from the 50% law therefore it helps the District meet the 50% law requirement.

Trigger 1 and Trigger 2 will likely be pulled at midyear. Our budget has been built for Trigger 1. We are not prepared for Trigger 2 midyear cut of \$2 million for 1.2-1.25% workload measure reduction. This will add to the 6.21% built in the Adopted Budget to the total 7.5% workload measure reduction. More FTES will need to be reduced.

2. BAPR Workgroup Notes

Attached is the September 7, 2011 BAPR Workgroup Notes.

The meeting was adjourned at 3:45 p.m.

Upcoming BAPRC Meeting: District Office Board Room, October 19, 2011, 1:30 – 3:30 p.m.

Upcoming Work Group Meeting: SAC Foundation Boardroom, November 2, 2011, 2:30 – 4:00 p.m.